

Senate File 2355 - Introduced

SENATE FILE 2355
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3125)

A BILL FOR

1 An Act relating to the regulation of specified gas and electric
2 utilities.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 364.3, subsection 13, paragraph b,
2 subparagraph (2), Code 2022, is amended to read as follows:

3 (2) Paragraph "a" does not apply to an ordinance, motion,
4 resolution, or amendment relating to the rates, services, or
5 governance of a municipally owned public utility providing
6 gas service to the public for compensation and subject to
7 the jurisdiction of the utilities board of the department of
8 commerce pursuant to ~~section 476.1B~~ 476.1A.

9 Sec. 2. Section 476.1A, Code 2022, is amended by striking
10 the section and inserting in lieu thereof the following:

11 **476.1A Applicability of authority — certain utilities.**

12 1. For purposes of this section, unless the context
13 otherwise requires:

14 a. "*Engineering standards*" means standards adopted by the
15 American national standards institute, or the institute of
16 electrical and electronics engineers, rural utilities service,
17 or comparable engineering organization or engineering standards
18 adopted by the board.

19 b. "*Safety standards*" means applicable regulations
20 promulgated by the United States occupational safety and health
21 administration and by Iowa occupational safety and health
22 administration and outage notifications. Safety standards for
23 electric utilities subject to this section also include those
24 contained in the national electric safety code, as published by
25 the institute of electrical and electronic engineers, inc. and
26 approved by the American national standards institute. Safety
27 standards for municipal gas utilities subject to this section
28 include the pipeline safety rules contained in the federal
29 regulations at 49 C.F.R. pts. 191 – 193 and 199.

30 2. Electric public utilities having fewer than ten thousand
31 customers, electric cooperative corporations and associations,
32 and municipally owned utilities furnishing gas or electricity
33 are not subject to the regulation authority of the board,
34 except for regulatory action pertaining to the following:

35 a. Assessment of fees for the support of the division and

1 the office of consumer advocate, pursuant to section 476.10.
2 *b.* Safety standards.
3 *c.* Procedures and requirements for disconnection of service,
4 as set forth in section 476.20, subsections 1 through 4.
5 *d.* Assigned area of service, as set forth in sections 476.22
6 through 476.26.
7 *e.* Public utility railroad crossings, as set forth in
8 section 476.27.
9 *f.* Filing alternate energy purchase program plans with the
10 board, and offering such programs to customers, pursuant to
11 section 476.47.
12 *g.* Civil penalties pursuant to section 476.51.
13 *h.* Providing energy cost information pursuant to section
14 476.56.
15 *i.* Distributed generation interconnection safety pursuant to
16 section 476.58, subsections 3 and 4.
17 *j.* Utility-owned exterior flood lighting pursuant to section
18 476.62.
19 *k.* Customer contribution funds pursuant to section 476.66.
20 *l.* Chapters 476A and 478, to the extent applicable.
21 3. Electric public utilities having fewer than ten
22 thousand customers and electric cooperative corporations and
23 associations are also subject to the regulation authority of
24 the board for engineering standards for equipment, operations,
25 and procedures and shall be subject to section 476.21.
26 *a.* This subsection shall not apply to a municipally owned
27 utility.
28 *b.* This subsection shall apply to an electric power agency
29 as defined in chapter 28F and section 390.9 that includes
30 as a member a city or municipally owned utility that builds
31 transmission facilities after July 1, 2001, and is subject to
32 applicable transmission reliability rules or standards adopted
33 by the board for those facilities.
34 4. The board may hear complaints regarding the practices,
35 facilities, or services of public utilities subject to

1 this section. Such complaints shall be limited solely to
2 matters directly related to the regulatory actions listed
3 in subsections 2 through 4. After a complaint is submitted
4 to the board or filed by the board upon its own motion, the
5 written complaint shall be forwarded by the board to the public
6 utility. The public utility shall be called upon to satisfy
7 the complaint or to answer it in writing within a reasonable
8 time to be specified by the board.

9 *a.* Copies of the written complaint forwarded by the board to
10 the public utility and copies of all correspondence from the
11 public utility in response to the complaint shall be provided
12 by the board in an expeditious manner to the consumer advocate.

13 (1) If the board determines the public utility's response
14 is inadequate and there appears to be reasonable ground for
15 investigating the complaint, the board shall promptly initiate
16 a formal proceeding.

17 (2) If the consumer advocate determines the public
18 utility's response to the complaint is inadequate, the consumer
19 advocate may file a petition with the board which shall
20 promptly initiate a formal proceeding if the board determines
21 that there is any reasonable ground for investigating the
22 complaint.

23 (3) The complainant or the public utility may petition the
24 board to initiate a formal proceeding and such petition shall
25 be granted if the board determines that there is any reasonable
26 ground for investigating the complaint.

27 *b.* The formal proceeding may be initiated at any time by
28 the board on its own motion. If a proceeding is initiated
29 upon petition filed by the consumer advocate, complainant,
30 or the public utility, or upon the board's own motion, the
31 board shall set the case for hearing and give notice as it
32 deems appropriate. When the board, after a hearing held after
33 reasonable notice, finds a public utility's practices or
34 services over which it exercises regulatory authority pursuant
35 to subsections 2 through 4 are in violation of law, the board

1 shall determine reasonable practices, services, or regulations
2 to be observed and enforced.

3 5. Electric public utilities having fewer than ten
4 thousand customers and electric cooperative corporations and
5 associations under this section shall not make or grant any
6 unreasonable preferences or advantages as to rates or services
7 to any person or subject any person to any unreasonable
8 prejudice or disadvantage. This subsection shall not apply to
9 municipal utilities subject to section 388.6.

10 6. The board of directors or the membership of an electric
11 cooperative otherwise exempt from rate regulation may
12 elect to have the cooperative's corporation or association
13 rates regulated by the board. The board shall adopt rules
14 prescribing the manner in which the board of directors or the
15 membership of an electric cooperative may so elect.

16 a. If the board of directors or the membership of an
17 electric cooperative has elected to have the cooperative's
18 rates regulated by the board, after two years have elapsed from
19 the effective date of such election the board of directors or
20 the membership of an electric cooperative may elect to exempt
21 the cooperative from the rate regulation authority of the
22 board.

23 b. If the membership of an electric cooperative elected to
24 have the cooperative's rates regulated by the board, only the
25 membership may elect to exempt the cooperative from the rate
26 regulation authority of the board.

27 7. A municipal utility providing local exchange services
28 is not subject to regulation by the board under this chapter
29 except for regulatory action pertaining to the enforcement of
30 sections 476.10, 476.95, 476.95A, 476.95B, 476.100, 476.102,
31 and 476.103.

32 8. The Iowa utilities board does not have direct or indirect
33 rate authority over the utilities in this section, unless an
34 electric cooperative has elected rate regulation authority.
35 For purposes of this section, "rate" means the same as defined

1 in section 384.80 and also includes the charges for services
2 provided by utilities subject to this chapter.

3 Sec. 3. Section 476.2, subsection 4, Code 2022, is amended
4 to read as follows:

5 4. The board shall have authority, to the extent reasonably
6 necessary to implement the provisions of this chapter, to
7 inquire into the management of the business of all public
8 utilities that are subject to regulation pursuant to this
9 chapter, and shall keep itself informed as to the manner and
10 method in which the same such business is conducted, and may
11 obtain from any public utility all necessary the information
12 reasonably necessary to enable the board to perform its duties,
13 as provided in this chapter.

14 Sec. 4. Section 476.20, subsection 3, paragraph a, Code
15 2022, is amended to read as follows:

16 a. The board shall ~~establish~~ adopt rules which shall
17 be uniform with respect to all public utilities furnishing
18 gas or electricity relating to establishing the procedures
19 and requirements for disconnection of service. The rules
20 adopted by the board shall be uniform with respect to all
21 rate-regulated public utilities furnishing gas or electricity.
22 The rules adopted by the board shall reflect the limited
23 scope of the board's jurisdiction pursuant to section 476.1A.
24 This subsection applies both to regulated rate-regulated
25 utilities, utilities over which the board's jurisdiction is
26 limited by section 476.1A, and to municipally owned utilities
27 and unincorporated villages which own their own distribution
28 systems, and violations of this subsection subject the
29 utilities to civil penalties under section 476.51.

30 Sec. 5. Section 476.58, subsections 3 and 4, Code 2022, are
31 amended to read as follows:

32 3. Procedures and requirements provided in rules adopted
33 pursuant to subsection 2 shall apply to all electric utilities
34 and all interconnection customers in this state. However,
35 only those rule provisions concerning interconnections between

1 distributed generation facilities and electric distribution
2 systems and safety issues shall apply to utilities over which
3 the board's jurisdiction is limited by [section 476.1A](#) or
4 [476.1B](#).

5 4. This section shall not be construed to expand the
6 board's jurisdiction over a utility over which the board's
7 jurisdiction is limited by [section 476.1A](#) ~~or 476.1B~~. This
8 section shall not be construed to authorize the board to
9 require that an installation or connection of a distributed
10 generation facility, disconnection device, or interconnection
11 between a distributed generation facility and an electric
12 distribution system be performed by a licensed electrician,
13 installer, or professional engineer. This section shall not
14 be construed to require inspection of a distributed generation
15 facility, disconnection device, or interconnection between a
16 distributed generation facility and an electric distribution
17 system pursuant to [chapter 103](#).

18 Sec. 6. REPEAL. Section 476.1B, Code 2022, is repealed.

EXPLANATION

20 The inclusion of this explanation does not constitute agreement with
21 the explanation's substance by the members of the general assembly.

22 This bill relates to the regulatory authority of the Iowa
23 utilities board regarding specified gas and electric utilities.

24 The bill provides that municipally owned gas or utility
25 companies, electric public utilities having less than
26 10,000 customers, and electric cooperative corporations and
27 associations shall not be subject to the regulation authority
28 of the board except for the assessment of fees for the
29 support of the office of consumer advocate, safety standards,
30 assigned areas of service, public utility railroad crossings,
31 procedures for the disconnection of service, alternative
32 energy program plans filed with the board, specified civil
33 penalties, energy cost information, distributed generation
34 interconnection safety, utility-owned exterior flood lighting,
35 customer contribution funds, and electric power generation and

1 transmission under Code chapter 476A and electric transmission
2 lines under Code chapter 478.

3 The bill provides that electric public utilities with less
4 than 10,000 customers and electric cooperative corporations
5 and associations, and certain electric power agencies are
6 subject to board regulation for engineering standards and are
7 prohibited from discriminatory rates or charges under Code
8 section 476.21. This provision is inapplicable to municipal
9 utilities.

10 The bill provides that an electric cooperative not subject
11 to rate regulation may elect to have their rates regulated
12 by the board. After two years, rate regulation may be
13 reconsidered. If the membership of the electric cooperative
14 chooses to have the rates regulated, only the membership may
15 elect to be exempt from regulation.

16 The bill provides that a municipal utility providing local
17 exchange services is not subject to regulation by the board
18 except for regulatory action pertaining to Code sections
19 476.10, 476.95, 476.95A, 476.95B, 476.100, 476.102, and
20 476.103.

21 The bill provides that electric public utilities with less
22 than 10,000 customers and electric cooperative corporations
23 and associations shall not make or grant any unreasonable
24 preferences or advantages as to rates or services to any
25 person or subject any person to any unreasonable prejudice or
26 disadvantage. The bill provides that this bill does not apply
27 to municipal utilities subject to the prohibition relating to
28 discrimination in rates specified in Code section 388.6.

29 The bill establishes a written complaint and response
30 process. Both the board and the division of the office
31 of the consumer advocate may determine if the utility's
32 response is inadequate and initiate further action. The bill
33 establishes practices and procedures for a formal action filed
34 by complainants.

35 The bill provides that the board shall adopt rules

1 establishing procedures and requirements for public utilities
2 supplying gas or electricity and to utilities over which the
3 board's jurisdiction is limited by the bill relating to the
4 disconnection of service. These rules must be uniform for all
5 rate-regulated public utilities.